

Message Text

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PAGE 01 STATE 143214

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ORIGIN EB-11

INFO OCT-01 EUR-25 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

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DRAFTED BY EB/IFD/ODF:EMLINTON:DJA

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APPROVED BY EB/I/F:REBENEDICK

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TREASURY-MR. LISTER (PHONE)

TREASURY-MR. GREENE (PHONE)

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R 202117Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY BONN

AMEMBASSY PARIS

INFO AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

UNCLAS STATE 143214

E.O. 11652: N/A

TAGS: EAID, ETRD, GW, FR

SUBJECT: EXIMBANK FINANCING FOR EUROPEAN AIRBUS ENGINES

1. DEPARTMENT JULY 16 DELIVERED MEMORANDUM TO GERMAN AND FRENCH EMBASSIES WASHINGTON IN RESPONSE TO JOINT GERMAN-FRENCH AIDE MEMOIRE OF FEBRUARY 6 AND SEVERAL RELATED DEMARCHES TO TREASURY AND STATE PROTESTING USG DECISION NOT TO PROVIDE EXIMBANK FINANCING FOR EXPORTS OF US COMPONENTS FOR USE IN AIRBUS.

2. MEMORANDUM STATES THAT "THE DECISION OF THE NATIONAL ADVISORY COUNCIL IN THIS PARTICULAR CASE WAS REACHED ONLY UNCLASSIFIED

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PAGE 02 STATE 143214

AFTER EXTENSIVE STUDY AND CONSIDERATION, WITH THE BASIC

TEST BEING THE CONSISTENCY OF THE PROPOS LOAN WITH THE STATUTORY REQUIREMENT THAT THE EXPORT-IMPORT BANK NOT SUBSTITUTE FOR PRIVATE FINANCING AND THE POTENTIAL IMPACT THIS TRANSACTION ON THE INTERNATIONAL FINANCIAL POSITION OF THE UNITED STATES. IN ACCORDANCE WITH THE REQUEST OF THE GOVERNMENTS OF GERMANY AND FRANCE, THE NATIONAL ADVISORY COUNCIL HAS, HOWEVER, REEXAMINE THIS CASE. AT THIS TIME THE COUNCIL HAS FOUND NO REASON TO CHANGE ITS PREVIOUS POSITION THAT THE SALES OF ENGINES AND AVIONICS EQUIPMENT FOR THE AIRBUS ARE NOT ELIGIBLE FOR EXPORT-IMPORT BANK CREDIT".

3. MEMORANDUM ALSO REFUTES FRENCH-GERMAN CHARGE THAT AIRBUS DENIAL WAS UNPRECEDENTED OR DISCRIMINATORY, POINTING OUT THAT OTHER LOAN PROPOSALS HAVE BEEN REJECTED WHEN IT HAS BEEN DETERMINED THAT THEY ARE NOT IN ACCORD WITH UNITED STATES INTERNATIONAL FINANCIAL, BALANCE-OF-PAYMENTS, OR OTHER POLICIES.

4. GERMAN AND FRENCH EMBASSIES HAVE NOT YET REACTED TO MEMORANDUM.

5. TEXT OF MEMORANDUM AND GERMAN-FRENCH AIDE MEMOIRE BEING POUCHED ADDRESSEE POSTS. RUSH

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